



Irish Life Weekly Investment Bulletin

The week that was – WEEK 31 (ending 29/07/2016)

“Never argue with a fool they will take you down to their level and beat you with experience.” – **Oscar Wilde**

Residential property prices – were 0.1% lower in June and up 6.6% on the year, Overall, property prices bounced back in Q2, rising 0.7% on the quarter, following a 0.2% fall in Q1. Strong gains in Dublin offset weaker trends outside the capital, but prices ex-Dublin are still up nearly 9% on Q2 2015 compared to 4.7% in the capital.

The Fed – left rates on hold as expected but the accompanying statement was notable for its change of tone from recent releases. The outlook stated that “near-term risks to outlook have diminished” following a succession of more positive signals from US macro data, principally the bounce-back in payrolls in June.

UK GDP numbers – showed that growth was stronger than expected in Q2, suggesting that Brexit concerns had little impact on growth in the run-up to the referendum. Nonetheless, the rise owed much to volatility in the manufacturing sector while monthly data show that growth slowed sharply towards the end of the quarter. Surveys released since the beginning of July suggest that growth could contract in Q3.

The outcome – of the European Banking Authority stress test results places Irish banks towards the very bottom of the 51 selected European banks.

Global equities – were flat on the week. Earnings reporting seasons are beating expectations. Approx. 50% of US companies have reported to date and earnings are approx. 5% ahead of forecasts. European results are also ahead of expectations although forecasts in both regions were revised down into earnings season. Japanese results have just begun and have slightly disappointed to date.

Bond markets – still performing strongly with the uncertainty in the economic outlook after the Brexit result.

The Story of the week: The things people do for kicks. A daredevil skydiver became the first to jump from a height of 7,620m (25,000 ft) without a parachute, landing in a net in southern California. Luke Aikins, 42, who has 18,000 jumps under his belt, completed the jump in Simi Valley just west of Los Angeles, landing in a net measuring 30m by 30m.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 29/07)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-13.7
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	10.3
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-6.2
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	7.7
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	3.1
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-13.0
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	6.1
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	2.4
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.5
German	1.8	1.4	1.9	0.5	0.6	0.0
UK	2.0	1.9	3.0	1.9	1.9	0.8
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.5
Italy	7.1	4.6	4.1	2.1	1.6	1.2
Greece	31.7	12.7	8.2	9.6	7.9	8.0
Portugal	13.4	6.9	6.1	2.7	2.5	2.9
Spain	5.1	5.4	4.1	1.6	1.7	1.1
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/€)	1.30	1.31	1.37	1.21	1.09	1.12
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.85
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.32
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	2.9 (to end of Q1)
U.K.	8.1	2.7	10.7	17.8	13.1	1.1 (to end of Q1)
U.S.	14.5	5.3	11.4	11.2	12.1	2.1 (to end of Q1)

*Past performance is not a reliable guide to future performance